



PUBLIC NOTICE

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News Media Information 202 / 418-0513
Internet: <http://www.fcc.gov>
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DA 14-833

Released: June 17, 2014

WIRELINE COMPETITION BUREAU RELEASES CONNECT AMERICA COST MODEL ILLUSTRATIVE RESULTS USING HIGHER SPEED BENCHMARK

WC Docket No. 10-90

Today, the Wireline Competition Bureau (Bureau) releases illustrative results showing the number of locations that would be eligible for the offer of model-based Connect America Phase II support if the proposed speed benchmark of 10 Mbps downstream/1 Mbps upstream (10 Mbps/1 Mbps) is used to determine the presence of an unsubsidized competitor.

In the *USF/ICC Transformation Order*, the Commission committed to reviewing in 2014 the broadband service performance requirements established for the Connect America Fund.¹ On June 10, 2014, the Commission released a Further Notice of Proposed Rulemaking seeking comment on increasing the minimum broadband speeds for recipients of high-cost support to 10 Mbps downstream.² The Commission sought comment on the consequences and tradeoffs involved in raising the standard, including the ability to preserve and advance broadband service for consumers within the Connect America budget.³

The Commission directed the Bureau to publish information regarding the number of locations eligible for the offer of model-based support and the number of locations that would be above the extremely high-cost threshold if a revised speed benchmark is used to determine the presence of an unsubsidized competitor.⁴

¹ *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC 17663, 17703, para. 106 (2011), *aff'd sub nom. In re: FCC 11-161*, ___ F.3d ___, 2014 WL 2142106 (10th Cir. May 23, 2014).

² The Commission also sought comment on whether to increase the upstream speed requirement above 1 Mbps. See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54, paras. 138-48 (rel. June 10, 2014). The Commission explained that the new speed standards would apply generally to all recipients of high-cost support that are subject to broadband public interest obligations, but not to competitive eligible telecommunications carriers that receive high-cost support while the legacy identical support rule is phased out. See *id.* at para. 138 & n.314.

³ *Id.* at para. 138.

⁴ See *id.* at para. 146. The Commission stated that the Bureau may publish results using 10 Mbps downstream/768 kbps upstream (10 Mbps/768 kbps) as a proxy for 10 Mbps/1 Mbps. See *id.* at para. 146 n.325.

The Bureau previously released model results for the adopted Connect America Cost Model using the current speed benchmark of 4 Mbps downstream/1 Mbps upstream (4 Mbps/1Mbps) to determine the presence of an unsubsidized competitor.⁵ Using this speed benchmark, 4.25 million locations would be eligible for the Connect America Phase II offer of model-based support, of which 2.7 million are unserved by 3Mbps downstream and 768 kbps upstream (3 Mbps/768 kbps).⁶ The illustrative results we release today use the proposed speed standard of 10 Mbps downstream/1 Mbps to determine the presence of an unsubsidized competitor. Under this scenario, 4.7 million locations would be eligible for the offer of model-based support, of which 3.6 million are unserved by 10 Mbps/768 kbps.

Because the Connect America Phase II budget remains the same under either scenario, the extremely high-cost threshold would decrease from \$207.81 to \$172.51 if the 10 Mbps downstream speed benchmark were used. Approximately 824,000 price cap carrier locations have an average cost above this \$172.51 extremely high-cost threshold, whereas approximately 577,000 price cap carrier locations are above \$207.81.

The results released today are produced using the adopted Connect America Cost Model (CAM v4.1.1), with a new solution set to reflect 10 Mbps/768 kbps coverage.⁷ The summary results attached to this Public Notice⁸ show the aggregate numbers at the national level by carrier. The detailed results posted on our website illustrate potential support amounts for each price cap study area, which can be sorted by carrier and by state. For each price cap study area and each state, the results illustrate the number of total price cap locations, the number of supported locations, the number of supported locations that lack 10 Mbps/768 kbps, the number of locations above the extremely high-cost threshold of \$172.51, and the percentage of price cap locations above the extremely high-cost threshold.

The Bureau also is releasing a list of census blocks comparing the census blocks and number of locations that would be eligible for the offer of model-based support using 3 Mbps/768 kbps to determine broadband coverage versus using 10 Mbps/768 kbps. For each census block, the list indicates: (1) the state, (2) study area code, (3) company name, (4) whether the block would be funded using 3 Mbps/768 kbps to determine unsubsidized competitors, (5) the number of funded locations in the census block, (6) the number of unserved locations using 3 Mbps/768 kbps to determine unsubsidized competitors, (7) the number of served locations using 3 Mbps/768 kbps to determine unsubsidized competitors, (8) whether the block would be funded using 10 Mbps/768 kbps to determine unsubsidized competitors, (9) the number of funded locations in the census block, (10) the number of unserved locations using 10 Mbps/768 kbps to determine unsubsidized competitors, and (11) the number of served locations using 10 Mbps/768 kbps to determine unsubsidized competitors.

⁵ See *Wireline Competition Bureau Releases Results for Adopted Connect America Cost Model*, WC Docket No. 10-90, Public Notice, 29 FCC Rcd 4126 (Wireline Comp. Bur. 2014) (*Adopted CAM Illustrative Results PN*).

⁶ In addition to using 10 Mbps/768 kbps as a proxy for 10 Mbps/1Mbps, the Bureau uses 3 Mbps/768 kbps as a proxy for 4Mbps/1Mbps.

⁷ These illustrative results are produced using solution set “SS20140423CAM411_10DL_768UL.” The previous results released by the Bureau for the adopted CAM use solution set “SS20140414CAM411” to produce results showing the number of eligible locations using a speed selection of 3 Mbps/768 kbps. See *Adopted CAM Illustrative Results PN*.

⁸ See *infra* Attachments 1, 2.

The detailed results described above and the list of census blocks are available at <http://www.fcc.gov/encyclopedia/connect-america-cost-model-illustrative-results>. The CAM is available at <http://www.fcc.gov/encyclopedia/caf-phase-ii-models> or <https://cacm.usac.org/>. In order to access the model, parties must execute the relevant acknowledgement of confidentiality, licensing, and nondisclosure documents released as attachments to a *Third Supplemental Protective Order*.⁹

For additional information on this proceeding, contact Katie King (Katie.King@fcc.gov) of the Wireline Competition Bureau, Telecommunications Access Policy Division, (202) 418-7400.

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⁹ See *Connect America Fund*, WC Docket No. 10-90, Third Supplemental Protective Order, 27 FCC Rcd 15277 (Wireline Comp. Bur. 2012).

ATTACHMENT 1
Federal Communications Commission
CAFI - CAM 4.1.1
10 Mbps Results - 3 Mbps Results -- Supported Locations and Support
June, 2014

| | 3/768 | 10/768 | | 3/768 | 10/768 |
|-------------|---|---|--|---------------------------------------|---------------------------------------|
| Carrier | Total Number of Price Cap Locations in Census Blocks Subject to Offer of Model-Based Phase II Funding | Total Number of Price Cap Locations in Census Blocks Subject to Offer of Model-Based Phase II Funding | Increase (Decrease) in Total Number of Price Cap Locations in Census Blocks Subject to Offer of Model-Based Phase II Funding | Offer of Support to Price Cap Carrier | Offer of Support to Price Cap Carrier |
| ACS | 69,311 | 67,965 | (1,346) | \$ 21,760,729 | \$ 19,343,231 |
| ATT | 1,331,713 | 1,457,690 | 125,977 | 532,435,190 | 521,968,062 |
| CBT | 7,115 | 6,986 | (129) | 2,275,406 | 2,066,070 |
| CENT | 1,120,586 | 1,260,155 | 139,569 | 506,855,121 | 504,207,730 |
| CONS | 9,584 | 13,813 | 4,229 | 4,572,548 | 6,089,080 |
| FAIR | 104,249 | 107,880 | 3,631 | 38,079,154 | 35,641,321 |
| FRON | 699,995 | 882,410 | 182,415 | 309,706,005 | 347,405,788 |
| HTC | 11,971 | 11,606 | (365) | 4,742,058 | 4,155,853 |
| MTC | 11,180 | 11,024 | (156) | 2,694,081 | 2,443,827 |
| PRTC | 29,729 | 29,343 | (386) | 7,393,714 | 6,763,251 |
| VIT | 16,480 | 16,394 | (86) | 3,536,105 | 3,395,323 |
| VZN | 412,903 | 426,885 | 13,982 | 155,608,749 | 145,544,395 |
| WIND | 420,795 | 447,837 | 27,042 | 192,267,413 | 182,961,661 |
| Grand Total | 4,245,611 | 4,739,988 | 494,377 | \$ 1,781,926,273 | \$ 1,781,985,591 |

Please Note: 3/768 Results utilize Funding Benchmark of \$52.50, Extremely High Cost Threshold \$207.81
10/768 Results utilize Funding Benchmark of \$52.50, Extremely High Cost Threshold \$172.51

ATTACHMENT 2

**Federal Communications Commission
CAFII - CAM 4.1.1**

**10 Mbps Results - 3 Mbps Results -- Unserved Supported Locations and Locations Above Extremely High Cost Threshold
June, 2014**

| | 3/768 | 10/768 | | 3/768 | 10/768 |
|----------------|--|---|--|---|---|
| Carrier | Total Number of Unserved Locations (defined as 3/768) within Funded Census Blocks | Total Number of Unserved Locations (defined as 10/768) within Funded Census Blocks | Increase (Decrease) in Total Number of Unserved Locations (defined as 10/768) within Funded Census Blocks | Total Number of Price Cap Locations in Census Blocks Above Extremely High Cost Threshold | Total Number of Price Cap Locations in Census Blocks Above Extremely High Cost Threshold |
| ACS | 19,942 | 27,150 | 7,208 | 4,985 | 6,631 |
| ATT | 1,057,197 | 1,303,941 | 246,744 | 153,835 | 221,284 |
| CBT | 2,347 | 3,577 | 1,230 | 229 | 417 |
| CENT | 666,741 | 828,603 | 161,862 | 189,003 | 262,694 |
| CONS | 2,319 | 5,402 | 3,083 | 3,107 | 4,601 |
| FAIR | 57,101 | 82,360 | 25,259 | 11,116 | 15,345 |
| FRON | 397,254 | 712,776 | 315,522 | 112,102 | 163,339 |
| HTC | 11,700 | 11,462 | (238) | 1,979 | 2,749 |
| MTC | 379 | 339 | (40) | 335 | 491 |
| PRTC | 17,604 | 17,346 | (258) | 628 | 1,062 |
| VIT | 16,427 | 16,341 | (86) | 123 | 209 |
| VZN | 273,897 | 360,939 | 87,042 | 44,367 | 64,348 |
| WIND | 199,980 | 271,214 | 71,234 | 55,204 | 81,057 |
| Grand Total | 2,722,888 | 3,641,450 | 918,562 | 577,013 | 824,227 |

Please Note: 3/768 Results utilize Funding Benchmark of \$52.50, Extremely High Cost Threshold \$207.81
10/768 Results utilize Funding Benchmark of \$52.50, Extremely High Cost Threshold \$172.51